UNITED STATES DEPARTMENT OF COMMERCE
Patent and Trademark Office
Trademark Trial and Appeal Board
2900 Crystal Drive
Arlington, Virginia 22202-3513

Mail date: April 13, 2004

Opposition No. 91158477

Paradyme Alloys, LLC

v.

General Motors Corporation

Before Hanak, Hohein and Walters, Administrative Trademark Judges.

By the Board:

Applicant is seeking to register the mark PARADIGM for "motor, land vehicle propulsion systems, namely drive trains, and structural parts thereof."[1] As grounds for the opposition, opposer alleges that applicant's mark, when used on the identified goods, so resembles opposer's previously used and registered mark PARADYME for "motor vehicle wheels and structural parts therefor, namely, rims, hubs, covers, wheel bearings and metal fasteners therefore"[2] as to be likely to cause confusion, mistake or to deceive. Opposer further alleges that, during the prosecution of applicant's application, applicant informed the Office that "the current owner[s]" of referenced application Serial No. 76141048 (which matured into opposer's pleaded

[1] Application Serial No. 78040044, filed on December 20, 2000, claiming a bona fide intent to use the mark in commerce.
[2] Registration No. 2733788 issued on July 8, 2003 from an application filed on October 4, 2000. Use anywhere and use in commerce are claimed since August 4, 2000.

Registration No. 2733788) consented to the registration of applicant's mark as provided in a submitted redacted Settlement Agreement and Assignments (dated June 13, 2003).[3] Opposer alleges that such agreements are between Automotive Design & Composites, Ltd. ("ADC") and Michael Van Steenburg, on the one hand, and applicant, on the other hand; and included assignments by which ADC and Steenburg purportedly assigned "…all right, title and interest in and to the mark PARADIGM relating to the use and registration of the mark by ADC and Steenburg and any predecessors of either of them, together with the goodwill of the business symbolized by that mark and any registrations or applications for the mark."[4] Opposer alleges that ADC and

---

[3] The settlement pertains to litigation between Automotive Design & Composites, Ltd. ("ADC") and Michael Van Steenburg as plaintiffs and General Motor Corporation ("GM") as defendant. *Automotive Design & Composites, Ltd. v. General Motors Corporation,* Civil No. SA-01-CA-0478-EP in the United States District Court for the Western District of Texas, San Antonio Division. A copy of the redacted Settlement Agreement submitted during the prosecution of applicant's application accompanies opposer's complaint as Exhibit No. 1, with Exhibit A thereto being a copy of the assignment of Serial No. 76141048 (now Registration No. 2733788) from Paradyme Alloys, LLC to Automotive Design & Compositions, Ltd., and Exhibit B thereto being a copy of the assignment from Automotive Design & Compositions, Ltd. to General Motors of ADC's application Serial No. 76287906 for the mark PARADIGM. Exhibit No. 2 to opposer's complaint is a copy of a promissory note from ADC to opposer and a copy of the settlement agreement for Opposition No. 124284 between ADC and Paradyme Alloys.

[4] In view of the Settlement Agreement between ADC and Steenburg, and GM, ADC alleged it had adopted PARADIGM for an "all-plastic vehicle," and assigned any such rights in PARADIGM to GM. The agreement further provides that ADC retains any ownership it may have in the mark PARADYME for "motor vehicle wheels and structural parts thereof, namely rims, hubs, covers, wheel bearings and metal fasteners therefore," while further recognizing that no likelihood of confusion will arise from GM's use of PARADIGM for "power trains or drive trains for automobiles" and ADC' use of PARADYME for its identified goods. ADC and Steenburg further consented to GM's use and registration of PARADIGM for "automotive power trains or drive trains."

Steenburg were not the owners of the mark at the time the Settlement Agreement and the Assignments were executed because previously, on June 3, 2002, opposer executed a conditional assignment to ADC, and ownership of the PARADYME mark reverted back to opposer for failure of the conditions being met.

In lieu of an answer, applicant filed, on December 22, 2003, a motion to dismiss the opposition for failure to state a claim upon which relief may be granted. In its motion, applicant references the agreement attached to the notice of opposition. Opposer filed a response in which it submitted additional materials. Applicant replied thereto, acknowledging that the Board may need to review the relevant contracts, which, according to applicant, demonstrate that there are no disputed issues of fact, and the opposition should be dismissed with prejudice.

If, on a motion to dismiss pursuant to Fed. R. Civ. P. 12(b)(6), matters outside the pleadings are submitted and not excluded by the Board, the motion will be treated as a motion for summary judgment under Fed. R. Civ. P. 56. Inasmuch as matters outside the pleadings have been submitted by opposer for consideration, and applicant has indicated that the Board may need to review the submissions, applicant’s motion will be treated as one for summary judgment.

In support of its motion, applicant argues that opposer does not have any right, title and interest in the mark PARADYME, or to the federal registration for the mark PARADYME, because it sold its rights therein to ADC, and simply received back a

license to use the mark. Thus, applicant contends, opposer does not have standing to bring this opposition. According to applicant, subsequent to publication of opposer's then pending application Serial No. 76141087 (now Registration No. 2733788), ADC filed an opposition to the registration of opposer's mark; and the parties settled with opposer assigning the PARADYME mark, application, and attendant goodwill to ADC.[5] Applicant summarizes the terms of the agreement between opposer and ADC, executed on June 4, 2002, as including a payment to opposer of $30,000 upon execution of the Settlement Agreement; a payment of $33,000 due within 30 days of the execution of the Settlement Agreement; and the execution of a promissory note for $162,000 from ADC to opposer which states that it is "…to be paid in full on the earlier of (1) May 31, 2004, or (2) the recovery of damages from General Motors Corporation…." It is applicant's position that the mark reverts back to opposer only if ADC does not pay the note under the terms set out; and nothing is yet due under the note because ADC has not recovered any damages from General Motors Corporation, and the promissory note due date of May 31, 2004 has not yet arrived.

Applicant explains that it was involved in litigation with ADC over applicant's use of its own PARADIGM mark; that it entered into a Settlement Agreement with ADC, executed June 19,

[5] The Board notes that Office assignment records show that the assignment from Paradyme Alloys to ADC was recorded on June 6 and June 4, 2002 for the entire interest and goodwill at Reels 2534, 2537 and Frames 0214, 0457.

2003, by which ADC assigned all rights, title and interest to applicant in and to the PARADIGM mark for motor vehicles; that ADC agreed that use by applicant of its PARADIGM mark is not likely to cause confusion with ADC's use of its PARADYME mark; and that ADC consented to applicant's use and registration of applicant's PARADIGM mark. Applicant further explains that ADC did not receive damages from applicant that would trigger provision (2) of the promissory note. Applicant contends that ADC is the rightful owner of the mark and registration pleaded by opposer, and was the rightful owner at the time ADC and applicant entered into their Settlement Agreement. Applicant argues that, even if the mark and registration revert back to opposer on May 31, 2004, opposer is bound by any of ADC's agreements entered into between June 4, 2002 and May 31, 2004 because ADC was the legal owner during this time period.

In response, opposer asserts it is the registrant of U.S. Registration No. 2733788 for the mark PARADYME. According to opposer, its June 4, 2002 agreement with ADC required (1) a payment from ADC of $30,000 upon execution; (2) a payment from ADC of $33,000 within 30 days of execution; (3) a promissory note from ADC in the amount of $162,000 payable to opposer the earlier of (a) May 31, 2004 or (b) the recovery of damages in the lawsuit between ADC and GM; and (4) an exclusive license from ADC to opposer for the mark PARADYME for "motor vehicle and structural parts therefore, namely, rims, hubs, covers, wheel bearings and metal fasteners therefore." Opposer argues that, under the

Settlement Agreement, ADC's ownership of the mark was conditioned upon the happening of certain events; and that ADC forfeited its ownership of the PARADYME mark when it did not make the $33,000 payment, due within 30 days of execution of the agreement, because opposer retained a reversionary interest in the mark. Opposer argues that it notified ADC of the default on several occasions. Opposer contends that, at the time of settlement between ADC and GM, ADC was not the owner of the mark and, thus, the assignment from ADC to GM is invalid. Opposer additionally contends that it is not bound by any agreement made by ADC after ADC breached the agreement.

Opposer's response is accompanied by copies of the following documents:

1) the affidavit of Michael J. Anderson, managing member of opposer, stating that he notified ADC and its attorneys on several occasions that ADC was in default of the Settlement Agreement between opposer and ADC for ADC's failure to make the second payment; and further indicating that opposer was not notified of the June 13, 2003 settlement between ADC and GM in which ADC asserted it was the owner of the PARADYME mark;
2) a copy of the June 4, 2002 Settlement Agreement between Automotive Design & Composites, Ltd. and Paradyme Alloys, LLC;
3) a copy of the June 4, 2002 assignment of the PARADYME mark and application (Serial No. 76141048) from Paradyme Alloys, LLC to Automotive Design & Composites, Ltd.;
4) a copy of the Promissory Note (dated May 31, 2002) from Automotive Design & Composites, Ltd. as maker to Paradyme Alloys, LLC as payee;
5) a copy of the June 4, 2002 License Agreement from Automotive Design & Composites, Ltd. to Paradyme Alloys, LLC, licensing use of the PARADYME mark for "motor vehicle wheels and structural parts thereof, namely, rims, hubs, covers, wheel bearings and metal fasteners thereof;" and

6) a copy of the June 13, 2003 Settlement Agreement (redacted) between Automotive Design & Composites, Ltd. and Michael Van Steenburg, on the one hand, and General Motors Corporation, on the other hand.

In reply, applicant clarifies that it did not receive an assignment of the PARADYME mark from ADC. Applicant explains that three marks are discussed in this controversy: PARADYME (now Registration No. 2733788), originally owned and used by Paradyme Alloys, LLC and assigned to ADC on June 4, 2002; PARADIGM (Serial No. 76287906), originally owned and used by ADC and assigned to GM on June 13, 2003; and PARADIGM (Serial No. 78040044), the subject of this opposition, and owned by GM. Applicant contends that ADC's rights to PARADYME were not conditioned on the second ($33,000) payment, but that ADC received an assignment of the entire right, title and interest in and to the PARADYME mark and application, together with the goodwill of the business symbolized by the mark. Applicant contends that, under the terms of the Settlement Agreement between opposer and ADC, the PARADYME mark reverts back to opposer only if ADC does not pay the Promissory Note, which is not yet due. Thus, it is applicant's position that ADC is the present owner of the PARADYME mark.

In this case, we must first look at the documents involved in the June 4, 2002 transaction between opposer and ADC concerning the PARADYME mark and application. Those documents are: the Settlement Agreement and accompanying Assignment of the PARADYME mark and application, and accompanying License Agreement; and the Promissory Note, dated May 31, 2002.

The June 4, 2002 Settlement Agreement is short, being only two pages, and provides for an assignment from Paradyme Alloys to ADC of application Serial No. 76141087 for the mark PARADYME and the goodwill associated therewith; an exclusive license from ADC to Paradyme Alloys to use the PARADYME mark for the identified goods;[6] consideration for the assignment, with a payment schedule set forth; an agreement to dismiss then pending Opposition No. 124284 between ADC and Paradyme Alloys; and a statement that the parties have settled their differences by entering into the agreement.

Applicant and opposer dispute the meaning of a portion of Paragraph No. 3 of the June 4, 2002 Settlement Agreement. The language is set forth below, with emphasis added to the portion in dispute:

> 3) As consideration for the assignment, Automotive Design shall (a) pay $30,000 to Paradyme Alloys upon execution of this Settlement Agreement, (b) pay an additional $33,000 within 30 days from the execution of this Settlement Agreement, and (c) execute a note in the amount of $162,000 payable to Paradyme Alloys in the form indicated in Exhibit C attached hereto. All payments are non-refundable. ***If Automotive Design does not pay the note under the terms of called for therein, all rights to the mark PARADYME shall revert to Paradyme Alloys***.

[6] The assignment of the PARADYME mark and application from Paradyme Alloys to ADC assigns "… the entire right, title and interest in, to and under the said trademarks(s)…" and includes "… the goodwill of the business symbolized by the trademark(s)…." As noted at Footnote No. 5, *supra*, said assignment was recorded with the Office. The License Agreement between ADC and Paradyme Alloys recognizes ADC as the owner of the PARADYME mark and application (as well as a PARADIGM mark and application) and grants Paradyme Alloys "… a fully paid-up, exclusive non-transferable license … to use the mark PARADYME…" for the identified goods.

The Promissory Note indicates that the principal amount ($162,000) is "… to be paid in full on the earlier of (1) May 31, 2003, or (2) the recovery of damages from General Motors Corporation in a suit styled *Automotive Design & Composites, Ltd. v. General Motors Corporation,* U.S. District Court, Western District of Texas, Civil Action No. SA01CA0478EP." The Note further provides, in part, as follows:

> ***If Maker defaults in the payment of this note or in the performance of any obligation in any instrument securing or collateral to it***, and the default continues after the Payee gives Maker notice of the default and the time within which it must be cured, as may be required by law or by written agreement, then Payee may declare the unpaid principal balance on this note immediately due. Maker and each surety, endorser and guarantor waive all demands for payment, presentations for payment, notices of intention to accelerate maturity, notices of acceleration of maturity, protest, and notices of protest, to the extent permitted by law. (Emphasis added.)

It is applicant's position that the emphasized portions of the Settlement Agreement and the Promissory Note prove that ADC is the present owner of the PARADYME mark, and was the owner at the time of settlement of the civil action between ADC and GM. More particularly, according to applicant, there has been no reversion of the PARADYME mark back to Paradyme Alloys because the note is not yet due under its terms.

Opposer argues that the emphasized portion of the promissory note demonstrates that reversion of the PARADYME mark has occurred, and had occurred prior to the settlement between ADC and GM, because the second payment of $33,000 was an obligation on the payment of the note on which ADC defaulted.

In a motion for summary judgment, the moving party has the burden of establishing the absence of any genuine issue of material fact and that it is entitled to judgment as a matter of law. *See* Fed. R. Civ. P. 56. A genuine dispute with respect to a material fact exists if sufficient evidence is presented that a reasonable fact finder could decide the question in favor of the non-moving party. *See Opryland USA Inc. v. Great American Music Show, Inc.,* 970 F.2d 847, 23 USPQ2d 1471 (Fed. Cir. 1992). Thus, all doubts as to whether any particular factual issues are genuinely in dispute must be resolved in the light most favorable to the non-moving party. *See Olde Tyme Foods Inc. v. Roundy's Inc.,* 961 F.2d 200, 22 USPQ 1542 (Fed. Cir. 1992).

After careful consideration of the Settlement Agreement and Promissory Note between Paradyme Alloys (opposer herein) and ADC, we find that applicant has met its burden on summary judgment of establishing that no genuine issues of material fact exist, and that opposer is not the owner of the pleaded PARADYME mark and registration. Despite opposer's arguments to the contrary, the record is devoid of any evidence which raises a genuine issue of material fact as to whether the terms of the Settlement Agreement and Promissory Note are ambiguous, and whether there yet has been a breach by ADC which resulted in reversion to opposer of the PARADYME mark.

In interpreting contracts, "unless a different intention is manifested, … where language has a generally prevailing meaning, it is interpreted in accordance with that meaning." *See*

Restatement (Second) of Contracts § 202(3)(a) (1981). Thus, the interpretation of an agreement must be based, not on the subjective intention of the parties, but on the objective words of their agreement. *See Novamedix Ltd. v. NDM Acquisition Corp.,* 166 F.3d 1177, 1180, 49 USPQ2d 1613, 1616 (Fed. Cir. 1999).[7]

Paragraph No. 3 of the Settlement Agreement between ADC and Paradyme Alloys calls for two monetary payments and the execution of a Promissory Note. The condition for reversion of the PARADYME mark to Paradyme Alloys is triggered if ADC does not pay the note under the terms called for ***therein*** (emphasis added). "Therein" refers to the terms set out in the note. Thus, we must look at the terms of the note to ascertain what is called for and when a breach has occurred resulting in reversion of the PARADYME mark to Paradyme Alloys.

May 31, 2004, has not yet arrived and ADC did not recover damages from GM when their suit was settled. Thus, the potential due dates for the $162,000 note as described at provisions (1) and (2) of the Promissory Note have not occurred. The second payment of $33,000 is not identified as a payment in the Promissory Note, or an obligation securing the note, or collateral to the note, such that ADC, as Maker of the note, defaulted "in the payment of ***this note*** or in the performance of

[7] The Settlement Agreement between ADC and Paradyme Alloys does not have a forum clause. However, both Michigan and Texas, the states where the parties executed their agreement, interpret contracts under the plain meaning rule. *See Oliver v. Rogers,* 976 S.W.2d 792, 803 (Tex.Ct.App.1998); and *Michigan Nat'l Bank v. Laskowski,* 580 N.W.2d 8, 10 (Mich.Ct.App.1998).

any obligation in any instrument securing or collateral to ***it***…." (Emphasis added.)

Thus, the reversion clause of Paragraph No. 3 of the June 4, 2002 Settlement Agreement between ADC and Paradyme Alloys has not been triggered, and ADC is the present owner of the PARADYME mark as provided for in the June 4, 2002 Settlement Agreement and accompanying assignment.

In order to prevail in an opposition, a plaintiff must plead, and ultimately prove, not only its standing, but also a ground for opposition or cancellation. If one of the necessary elements of the plaintiff's pleaded grounds for opposition is plaintiff's ownership of a proprietary right in a mark which is the same as, or similar to, the defendant's mark, then the plaintiff must plead, and ultimately prove, its proprietary right, in order to establish its *grounds* for opposition. *See Kelly Services Inc. v. Greene's Temporaries Inc.,* 25 USPQ2d 1460 (TTAB 1992).

Inasmuch as there are no genuine issues of material fact, and opposer is not the owner of the pleaded mark and registration, opposer cannot claim the proprietary interest requisite for its pleaded grounds of priority, likelihood of confusion, mistake or deceit and, thus, has not pleaded sufficient facts which, if proven, would allow opposer to obtain the relief it seeks.

Accordingly, applicant’s motion for summary judgment is granted, and the opposition is dismissed with prejudice.